



**TELANGANA STATE ELECTRICITY REGULATORY COMMISSION HYDERABAD**  
**5<sup>th</sup> Floor, Singareni Bhavan Lakdi-ka-pul Hyderabad 500004**

O. P. No. 05 of 2020

Dated 28.08.2020

**Present**

Sri. T. Sriranga Rao, Chairman  
Sri. M. D. Manohar Raju, Member (Technical)  
Sri. Bandaru Krishnaiah, Member (Finance)

Between

M/s Cooperative Electric Supply Society Limited,  
# 7-5-5, Tahsil Road, Sircilla Town,  
Rajanna Sircilla District – 505 301.

... Petitioner

AND

Northern Power Distribution Company of Telangana Ltd.,  
H.No. 2-5-31/2, Corporate Office, Vidyut Bhavan,  
Nakkalgutta, Warangal – 506001.

... Respondent

This petition came up for hearing on 22.02.2020 and 07.03.2020. Sri A.Raghuram, Advocate for the petitioner appeared on 22.02.2020 and Smt. M.Pravalika, Advocate representing Sri A.Raghuram, Advocate for the petitioner appeared on 07.03.2020. Sri Y.Rama Rao, Standing Counsel for the respondent along with Sri K.Vamshi Krishna, Advocate appeared on 22.02.2020 and 07.03.2020 and having been heard and having stood over for consideration to this day, the Commission passed the following:

**ORDER**

M/s Cooperative Electric Supply Society Limited, Sircilla (CESS) (petitioner) has filed a petition under sections 12 and 13 of the Electricity Act, 2003 (Act, 2003) seeking permission to release power supply connections above 75 kW / 100 HP Commercial / Industrial services within its jurisdiction up to 1500 kVA under HT category.

2. The petitioner stated that the erstwhile Andhra Pradesh Electricity Regulatory Commission (APERC) granted licence under section 15 of Andhra Pradesh Electricity Reform Act, 1998 (Reform Act) to the 9 Rural Electric Cooperative Society Limited situated in the combined Andhra Pradesh for the distribution and retail supply of power to the consumers in their respective areas of operation vide O. P. Nos. 21 to 29 of 1999 on 31.01.2001. Out of nine rural electric cooperative societies, it is one of them granted licence for supply of energy to the consumers.

3. The petitioner stated that in terms of section 13 of the Act, 2003, the erstwhile APERC and after bifurcation this Commission had continued the exemption to it, from time to time by allowing the application filed by it under section 12 of the Act, 2003. The exemption was based on the recommendation of the Government of Telangana (GoTS) vide letter No.390 / Budget / 2015 dated 29.04.2015. Further application is also filed by it under the provisions of section 12 of the Act, 2003 for a period of five years from 01.04.2016 to 31.03.2021. The said application is also considered by the Commission till 31.03.2021 vide proceeding No. TSERC / Secy / 165 / 2016 dated 11.11.2016 and granted exemption subject to the same terms and conditions granted under the provisions of the Reforms Act vide order of the erstwhile APERC No. 46 dated 15.06.2004.

4. The petitioner stated that it is a society in the activity of supplying of energy to the consumers of Sircilla revenue division since 1970. The majority of power consumption in the area of operation is for agriculture sector that is 74% of total consumption. The survival of the society is mainly dependant on the consumption that is 10% of total services connections for the industrial sector out of which 6% of consumption for cottage industries of power loom sector.

5. The petitioner stated that the exemption granted to it allows it to serve only LT consumers including LT III category consumers with connected load up to 100 HP. It is stated that 100 HP and above loads are being served by Northern Power Distribution Company of Telangana Limited (TSNPDCL). The Commission vide its tariff order for financial year 2018-19 directed it to handover all the service connections under LT III category with connected load above 100 HP to TSNPDCL.

6. The petitioner stated that the service area under it is served by two licensees i) Sircilla RESCO ii) TSNPDCL. After formation of Telangana State, the GoTS has reorganised Karimnagar District as 4 new districts in this regard entire area of CESS that is falling under the jurisdiction of Rajanna Sircilla District. As such the formation of new district of Rajanna Sircilla has led to the demand of consumers seeking new connections of more than 100 HP with the growing economic activities in the licensee area.

7. The petitioner stated that it being the only RESCO in the whole Telangana State. It is further stated that the entire consumers in its jurisdiction demanding the services of CESS as it provided supply of energy. At present two to three services of 100 HP each registered at TS-IPASS for supply of energy and the same have to be met as per the demand of consumers. Therefore, it is providing services to improve the industrial growth in its jurisdiction and developing infrastructure to cater the needs of industrial growth.

8. The petitioner stated that in order to improve the services for growing industrial area in newly formed district and also to meet the demand of the consumers for the services, it is just and necessary for the Commission to accord permission to it to release power supply connections above 75 kW / 100 HP commercial / industrial services within its jurisdiction up to 1500 kVA under HT category.

9. The petitioner has sought the following relief in the petition.

*“To accord permission to the petitioner CESS Ltd., Sircilla to release above 75 kW/100 HP commercial / industrial services within the jurisdiction of the petitioner up to 1500 kVA under HT category.”*

10. The respondent filed counter affidavit stating as below:

It is stated that the petitioner has filed petition before the Commission seeking permission to release power supply connections above 75 kW / 100 HP commercial / industrial services up to 1500 kVA under HT category within its jurisdiction.

a. The power is being supplied to RESCO, Sircilla as bulk supply at 11 kV voltage level emanating from various substations of TSNPDCL.

- b. The RESCO, Sircilla is supplying power to LT consumers only in their jurisdiction with same tariff as determined by the Commission from time to time, which is applicable to TSNPDCL's consumers.
- c. HT services in RESCO jurisdiction are being released by TSNPDCL only on par with other HT consumers of TSNPDCL.
- d. In the tariff order FY 2016-17, the Commission directed RESCO not to release new services with more than 100 HP load under LT-III category.
- e. In the tariff orders for FYs 2016-17, 2017-18 and 2018-19, the Commission also directed RESCO to handover all the services under LT-III category with connected load above 100 HP to TSNPDCL.
- f. RESCO is not a licensee, but exempted from license vide proceeding No. TSERC / Secy 165 / 2016 dated 11.11.2016. In the area of the RESCO, the services of the TSNPDCL and RESCO are clearly demarked that is HT supply (all services except LT-III industrial category connected load more than 56 kW / 75 HP and for industrial services above 75 kW / 100 HP) to be provided by TSNPDCL and LT supply is to be handled by RESCO only.
- g. The TSNPDCL is able to provide quality of power supply to HT industrial / commercial / other categories of consumers as per their demand and requirement.
- h. In the RESCO area, the prospective consumers, whose connected load is more than 100 HP are being released with multiple LT services in the same premises to avoid HT connection from TSNPDCL. It is revenue loss to TSNPDCL as well as RESCO as LT tariffs are lower than the HT tariffs.
- i. If the petitioner desists from the practice of giving multiple service connections to the same premises, there will be no violation of general terms and conditions of supply (GTCS) and the Commission's orders.
- j. Power supply to HT consumers can also be provided from the existing RESCO 11 kV network. In such case, the energy settlement shall be done as per the directions issued by the Commission in FY 2016-17 tariff order.

$$E = F - \{H / (1-L)\}$$

E = Energy to be billed on the RESCO by the TSNPDCL.

F = Sum of energy recorded on all the inter phase meters.

H = Sum of energy recorded in the meters of all the 11 kV services of NPDCL in RESCO network.

L = Percentage of loss at 11 kV.

- k. TSNPDCL is able to provide quality and reliability of power to the consumers on par with other consumers of TSNPDCL. Hence there is no inconvenience to the public.
  - l. For the HT consumer services, the meters are to be inspected periodically twice in a year. RESCO may not have specialized infrastructure and expertise man power to release HT services, maintenance of quality and reliability of power and inspection of HT services. TSNPDCL is having specialized MRT wing for the above purpose.
  - m. Even for LT-III consumers, as per the tariff order conditions, HT side meter has to be installed for LT-III services, which are having connected load above 50 HP and upto 100 HP, for which also meters not installed still by RESCO.
  - n. If the RESCO permitted to provide HT supply to the consumers, subsidized tariff to RESCO may not be applicable. In such case, the RESCO has to pay CoS of NPDCL for availing power supply from TSNPDCL.
11. The petitioner has filed rejoinder stating as under.
- i. It is stated that the RESCO, Sircilla is exempted from license vide proceedings No. TSERC / Secy 165 / 2016 dated 11.11.2016. The consumers of HT services are willing intending and requesting the supply of HT services of RESCO, Sircilla only.
  - ii. It is stated that RESCO, Sircilla area consumer, whose connected load is above 100 HP are being released with multiple LT services and collecting the LT tariff. If the Commission permits RESCO to release HT services HT tariff shall be collected from the consumers.
  - iii. It is stated that the petitioner is having sufficient specialized infrastructure and expertise man power to release HT services,

maintenance of quality and reliability of power and inspection of HT services.

- iv. It is stated that as per the tariff order FY 2018-19 where metering is provided on LT side of distribution transformer (due to space constrain), 3% of the recorded energy during the month shall be added to arrive the HT side consumption of the distribution transformer, the RESCO is following the same.
- v. It is stated that as per G. O. No.1000 Public Works dated 25.05.1970, the society was accorded permission to release 11 kV HT service connection in its jurisdiction. The Government of Andhra Pradesh issued G. O. Ms. 22, Energy (Power-III) Department dated 30.01.1999 accorded provisional license to continue the distribution and supply of electricity as specified in G. O. No. 1000 Public Works dated 25.05.1970.
- vi. The RESCO, Sircilla is having enough specialized infrastructure and expertise, man power to release HT services, maintenance of quality and reliability of power, can provide quality of power supply to HT industrial commercial/other category of consumers as per their demand and requirement.

12. The Commission heard the submissions of the counsel for the parties and perused the material on record. The counsel for the parties made their submissions and the same are briefly extracted below.

*“The counsel for the petitioner stated that initially the society was allowed to undertake supply at 11000 volts as per the government order issued in the year 1970. Since then the society has been striving to serve better to the members of society and the area in general. Now the present request is to undertake HT supply as many industries are being setup and the business is developing in the area of the society. In case, the NPDCL which is the supplier of power has to undertake supply in the area of the society, then it has to lay separate lines as it has no lines of its own in the area of the society. The society has been providing supply LT–III category upto 100 HP. Allowing HT supply to be done by the society will be beneficial to both the society and NPDCL.*

*The counsel for the respondent stated that the request of the society is an unviable proposition causing financial loss to the NPDCL. Moreover, the society*

*does not have expertise and the required personnel to undertake HT supply. The Commission had already taken a view that the society cannot undertake HT supply in the tariff order FY 2016-17. Counsel further reiterated the contentions in the counter affidavit filed on behalf of NPDCL.*

*The counsel for the petitioner on the other hand pointed out that it is a fact that the Commission directed not to undertake HT. The Commission sought to know the reply from the society on the availability of personnel for undertaking HT supply, which has to be in accordance with the general terms and conditions of supply of licensee, that is to say that an officer of the rank of Superintending Engineer, who is designated by the government as competent officer to inspect the HT supply. In reply, the counsel for the petitioner stated that the senior most position is that of the Managing Director, who is in the rank of Superintending Engineer only. However, counsel insisted that there is technical capability with the society to undertake HT supply and inspection also. They are also undertaking necessary steps to strengthen the same.”*

13. Subsequent to the hearing, the petitioner has handed over a note to the Commission on the request. Succinctly stated, the contents whereof are extracted herein.

*“CESS Ltd., Sircilla is an independent organization with both technical and general staff. The technical staff comprises of AAE’s. DE’s along with field technical staff. All the line inspections under LT category are being carried out by the above staff at present.*

*According to the clause 7.3.1 of GTCS rules a distribution company shall arrange periodical inspection of LT and HT meters. In accordance with the rule, the NPDCL has arranged for inspections by designated officers.*

*The designated officer for LT category meters are AE’s and designated officer of HT category up to 1000 kVA are ADE’s and beyond 1000 kVA the designated officers are DE’s.*

*Since CESS Ltd. has got the two said cadres of ADE’s and DE’s on its rolls and is equipped to take up the inspections of HT meter’s above 100 HP, the Commission may favourably consider the plea of CESS Ltd., Sircilla for permitting it to install connections above 100 HP.”*

14. Prima-facie, the Commission is of the view that the society is formed with the noble objective of providing service to the weavers, who are stationed in and around the town of Sircilla. More particularly, the service is relating to electricity supply. However, the society is also concerned with other activities apart from the core activity of electricity supply. As originally the society was permitted only to serve the members and small business activities, it was allowed to undertake release of power supply only to the extent of 75 kW / 100 HP by the government when it was established. In the pleadings, it has been emphasized that the economic activities is moving forward in the area of supply and several commercial / industrial activities have been propping up which require power supply upto the capacity of 1500 kVA.

15. It is also relevant to state here that pursuant to the recommendation of the State Government in the letter dated 06.05.2016 the Commission had earlier exempted the society from having licence for distribution of electricity in its area of supply u/s 13 of the Act, 2003 and the period expires on 31.03.2021. Providing power supply to various categories of consumers requires compliance of several provisions of the Act, 2003, Rules and Regulations made thereunder.

16. The Commission is of the view that providing power supply at higher capacity can be considered only if it has suitable and appropriate resources both financial as well as the work force capable of handling such higher capacity of power supply. Likewise, the State Government in its G. O. Ms. No.144 Energy (Power. III) Department, dated 31.12.2003 and G. O. Ms. No.145 Energy (Power. III) Department, dated 31.12.2003 r/w its amendment G. O. Rt. No. 70 Energy (PR.III) Department, dated 10.03.2004 had notified by Designating the Officers of Licensees as Assessing Officer and authorisation of Inspecting Officers under sections 126 (6) and 135 (2) of the Act, 2003 to be from the Assistant Engineer to the level of Chief Engineer for purposes of exercising the powers of investigations and enforcement and to exercise the powers and functions in the matter of unauthorised use of electricity, theft of energy. From the submissions made before the Commission, the Commission is constrained to see that the senior most technical officer that would be available in the society would be at the rank of Superintending Engineer who is the Managing Director if posted by the licensee of the area. As otherwise, the officer of the rank of Divisional Engineer would only be the senior officer on technical side. Owing to this structure of

personnel availability, many of the tasks associated with undertaking power supply upto the level of 1500 kVA have to be handled by personnel ranking much below the notified cadres of the government.

17. The Commission is also conscious of the fact that the society is primarily governed by the Co-operative Societies Act VII of 1964 under which it had been registered and established in the year 1970. In that view of the matter, the society has to have personnel as directed by the State Government through the Registrar of the Co-operative Societies and not otherwise.

18. Having regard to the request of the petitioner and in view of the fact that the operation area of the society has been converted into a district Rajanna Sircilla, which has led to demand for new supply connections of more than 100 HP, it is but appropriate that the society be allowed to undertake supply as if it is second licensee in the area of supply of the original licensee being the respondent in the matter. The Commission is inclined to consider the request of the petitioner keeping in view of the development in geographical, financial, administrative and economic activities that have taken place in the area of supply of the society over the years, as also likely to further move ahead in view of the area falling under a new district on the above aspects.

19. Adverting to the discussions in the foregoing paragraphs, the Commission is inclined to modify the exemption issued on 11.11.2016 and allow the petitioner to undertake power supply beyond 75 kW / 100 HP upto 1500 kVA subject to enhancing the strength of the personnel to meet the requirement of providing additional service and directs the petitioner to make arrangement for taking over / establishing necessary technical facilities for extending power supply upto 1500 kVA in coordination with the respondent/licensee (NPDCL) and to regularise the existing multiple LT services in the same premises which are above the 100 HP and bill them accordingly.

20. At the same time the Commission is inclined to allow and require the licensee (NPDCL) to take all necessary steps to facilitate the petitioner to undertake supply of power upto the capacity of 1500 kVA. In doing so the licensee shall ensure that its activity of universal service obligation under its license in terms of the Act, 2003 shall not be deviated from, till the time the petitioner obtains regular licence. The

Commission would consider axiomatic that the petitioner would undertake to apply for the licence in due course as in any case the exemption granted earlier would stand expired on 31.03.2021.

21. The Commission allows the petition subject to the observations in the preceding paragraphs. The parties to bear their costs.

22. Before parting with the matter, the Commission places on record its view that this order is passed only to facilitate the development that is taking place in the area which the society is serving and has to get benefit from it being a cooperative society and working for the betterment of its members and also the Commission would make it clear that this order no way would mean an amendment to the licence of the respondent licensee to serve in the area since the petitioner is an exemptee only until 31.03.2021 or such further period unless and until it obtains license for the area of supply. Also does not mean that the Commission has allowed parallel operation of the system to the extent the petitioner is allowed, as such both the parties have to mutually cooperate to render better services to the people at large in the area of supply of the society.

***This order is corrected and signed on this the 28<sup>th</sup> day of August, 2020.***

Sd/-	Sd/-	Sd/-
(BANDARU KRISHNAIAH)	(M.D.MANO HAR RAJU)	(T.SRIRANGA RAO)
MEMBER	MEMBER	CHAIRMAN

//CERTIFIED COPY//



TELANGANA STATE ELECTRICITY REGULATORY COMMISSION HYDERABAD

From:  
Secretary (FAC), TSERC,  
#11-4-660, 5<sup>th</sup> Floor,  
Singareni Bhavan, Red Hills,  
Hyderabad – 500 004.

To:  
Sri. A. Raghuram, Advocate  
H. No. 8-2-693 / PC / 7,  
Mithila Nagar Colony, Road No. 12,  
Banjara Hills, Hyderabad – 500 034.

Chairman and Managing Director,  
Northern Power Distribution Company of  
Telangana Limited, H.No. 2-5-31/2,  
Corporate Office, Vidyut Bhavan,  
Nakkalgutta, Warangal – 506001

Lr. No. S. 22 / Secy / 2020 – 25 / D. No. /2020 Dated: 29.08.2020.

Sir,

Sub:- Order issued by the Commission in O. P. No. 05 of 2020 – Reg.

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Copy of order passed by Telangana State Electricity Regulatory Commission on 28.08.2020 in O. P. No. 05 of 2020 is forwarded herewith.

Yours sincerely,

COMMISSION SECRETARY (FAC).

Encl: as above

To,

The Special Chief Secretary,  
Energy Department, Secretariat,  
Government of Telangana,  
Hyderabad – 500 022.

Copy to:

Joint Director (Law)

Joint Director (Tariff Engg)

JD / IT – with a request to place the order in the Commission's website

PS to Chairman

PS to Member (T)

PS to Member (F)